Saskatchewan
Finance

Annual Report 2004

Extended Health Care Plan For Certain Other Employees

Saskatchewan Centennial 2005

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Saskatchewan
Finance

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to transmit herewith the eighth Annual Report of the Extended Health Care Plan For Certain Other Employees for the year ending December 31, 2004.

I have the honour to be, Madam,

Your obedient servant,

Harry Van Mulligen
Minister of Finance

Saskatchewan
Public Employees
Benefits Agency

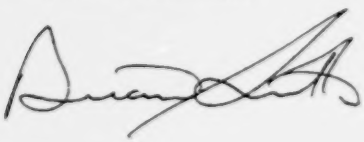
The Honourable Harry Van Mulligen
Minister of Finance
Regina, Saskatchewan

Sir:

Letter of Transmittal

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the eighth Annual Report of the Extended Health Care Plan For Certain Other Employees for the year ending December 31, 2004.

Respectfully submitted,



Brian Smith
Executive Director

Extended Health Care Plan for Certain Other Employees

Introduction

The Extended Health Care Plan For Certain Other Employees was established on January 1, 1997.

The Fund is used to account for the transactions of the Extended Health Care Plan For Certain Other Employees which provides health care benefits to certain out-of-scope employees.

As at December 31, 2004, participation in the Plan has been approved by the Lieutenant Governor in Council for out-of-scope employees of the Government of Saskatchewan as defined under *The Public Service Act.*

Advisory Committee Members

Brian Smith
Saskatchewan Finance (PEBA)

Don Zerr
Public Service Commission

Kevin Wilson
Saskatchewan Health

Will Loewen
Public Service Commission

Participating Employers

The following employers participate in The Extended Health Care Plan for Certain Other Employees:

Board of Arbitration under *The Surface Rights Acquisition and Compensation Act* (The)
Chief Electoral Officer (Office of the)
Children's Advocate (Office of the)
Farm Land Security Board
Horned Cattle Fund
Information and Privacy Commissioner (Office of the)
Milk Control Board
Ombudsman (Office of the)
Saskatchewan Archives Board
Saskatchewan Municipal Board
The Government of Saskatchewan with respect to members of the Public Service of Saskatchewan as defined under *The Public Service Act, 1998*

Administration

The Public Employees Benefits Agency has established a fund pursuant to *The Financial Administration Act, 1993* for the purpose of providing benefits under the Plan. An Advisory Committee is responsible for the management and investment of the Fund. The Advisory Committee consists of 4 representatives as nominated by the Saskatchewan Public Service Commission and appointed by Minister's Order.

The Plan pays premiums to Group Medical Services who provide insured extended health coverage. The Plan's risk is limited to the payment of premiums.

Funding

Funding for members covered is employer paid as follows:

- effective January 1, 1997 – 1.0% of straight time annual payroll;
- effective July 1, 2002 – 1.25% of straight time annual payroll;
- effective July 1, 2003 – 1.35% of straight time annual payroll.

Benefits

An employee is eligible for benefits at the start of the pay period immediately following a 6 month period of employment.

Claims are paid on behalf of all family members and covers certain health and vision care benefits.

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Extended Health Care Plan For Certain Other Employees, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Extended Health Care Plan For Certain Other Employees has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

A Board of Trustees, as nominated by the Public Service Commission and appointed by Minister's Order, has been established and is responsible for reviewing the ongoing operations of the Plan.

We enclose the financial statements of the Extended Health Care Plan For Certain Other Employees for the year ended December 31, 2004 and the Provincial Auditor's report on these financial statements.

Brian Smith
Executive Director
Public Employees Benefits Agency

Perry Bahr
Director, Benefit Programs
Public Employees Benefits Agency

Kathy Morgan
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
February 4, 2005

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

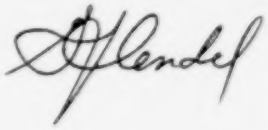
AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Extended Health Care Plan For Certain Other Employees as at December 31, 2004 and the statements of operations and net assets, and cash flows for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Regina, Saskatchewan
February 4, 2005

Fred Wendel, CMA, CA
Provincial Auditor

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 1
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2004	2003
ASSETS		
Due from General Revenue Fund (Note 3)	$1,365,114	$1,504,687
Employer contributions receivable	130,206	129,234
	$1,495,320	$1,633,921
LIABILITIES		
Accounts payable (Note 6)	$ 1,379	$ 4,563
Advance from General Revenue Fund (Note 4)	65,000	65,000
	$ 66,379	$ 69,563
Net assets (Statement 2)	$1,428,941	$1,564,358

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 2
STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31

	2004		2003
	Budget (Note 7)	Actual	Actual
REVENUES			
Employer contributions	$1,471,450	$1,562,362	$1,449,704
Interest (Note 3)	45,298	30,140	49,948
	1,516,748	1,592,502	1,499,652
EXPENSES			
Insurance premiums	$1,690,197	$1,703,434	$1,341,426
Administration (Note 6)	32,501	24,485	26,854
	1,722,698	1,727,919	1,368,280
(Deficit) surplus for the year	(205,950)	(135,417)	131,372
NET ASSETS, BEGINNING OF YEAR	1,564,358	1,564,358	1,432,986
NET ASSETS, END OF YEAR - to Statement 1	$1,358,408	$1,428,941	$1,564,358

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 3
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

	2004	2003
Cash flows from operating activities:		
Employer contributions received	$ 1,561,390	$ 1,434,073
Interest received	30,140	49,948
Insurance premiums paid	(1,704,238)	(1,230,560)
Administration expenses paid	(26,865)	(26,553)
Net (decrease) increase in cash position	(139,573)	226,908
DUE FROM GENERAL REVENUE FUND, BEGINNING OF YEAR	1,504,687	1,277,779
DUE FROM GENERAL REVENUE FUND, END OF YEAR	$ 1,365,114	$ 1,504,687

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Description of the Plan

The Extended Health Care Plan For Certain Other Employees (Plan) was established on January 1, 1997 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to certain out-of-scope employees of the Government of Saskatchewan.

The Plan is funded by employers, whose participation in the Plan has been approved by the Lieutenant Governor in Council. Effective July 1, 2003, the contribution rate increased to 1.35% of regular pay as approved by the Minister of Finance (1.25% of regular pay from January 1, 2003 to June 30, 2003).

The Government through the Minister of Finance entered into an agreement with Group Medical Services (GMS) to provide eligible employees with extended health coverage. The agreement with GMS expires on December 31, 2005. The Plan pays premiums for eligible employees to GMS as set out in the agreement. The Plan's risk is limited to the payment of these premiums.

The Public Employees Benefits Agency (PEBA) manages the Plan under direction from the Advisory Committee. The Advisory Committee is made up of employers' representatives appointed by Minister's Order.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 2004 was 2.20% (2003 – 2.87%).

4. Advance from General Revenue Fund

The General Revenue Fund advanced the Plan monies when the Plan began operations. The advance is required because the Plan must pay premiums at the beginning of each month and employer contributions are not received until after the end of each month.

The advance is interest-free with no fixed maturity date.

5. Financial Instruments

The Plan's financial instruments include employer contributions receivable, accounts payable and advance from General Revenue Fund. Due to the immediate or short-term nature, the fair value of these instruments approximates carrying value.

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at the agreed upon exchange amounts charged by these organizations.

All employer contributions and employer contribution receivables are from related parties.

In 2004, PEBA charged the Plan $24,485 (2003 - $26,772) for administration. Included in accounts payable is $1,316 (2003 - $3,696) due to PEBA.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

7. Budget

PEBA prepares the budget for approval by the Advisory Committee.